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FM AMEMBASSY NDJAMENA
TO RUEHC/SECSTATE WASHDC 2990
INFO RUEHUJA/AMEMBASSY ABUJA 0906
RUEHDK/AMEMBASSY DAKAR 0954
RUEHLC/AMEMBASSY LIBREVILLE 0672
RUEHLO/AMEMBASSY LONDON 1126
RUEHNM/AMEMBASSY NIAMEY 2402
RUEHFR/AMEMBASSY PARIS 1505
RUEHYD/AMEMBASSY YAOUNDE 0862
RUEATRS/DEPT OF TREASURY WASHDC
RUCPDOC/USDOC WASHDC
RHEBAAA/DOE WASHDC

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LONDON AND PARIS FOR AFRICA WATCHERS, TREASURY FOR OTA,
ENERGY FOR GPERSON AND CGAY

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TAGS: CD ECON EFIN ENRG EPET PGOV
SUBJECT: CHAD: POSITIVE DEVELOPMENTS, MIXED SIGNALS FROM GOC

REF: NDJAMENA 1875 AND PREVIOUS

¶1. (SBU) SUMMARY: While signs are emerging of a resumption of dialogue between the World Bank and the Government of Chad (GOC), the National Assembly's passage of a resolution highly critical of the World Bank reveals significant obstacles still remain between the two players. On a positive note, the GOC signed the terms of reference for the Department of Treasury-funded Technical Advisor to the College, and President Deby has indicated that the College will play a role in the management of funds from the Fund for Future Generations. END SUMMARY.

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POSITIVE DEVELOPMENTS IN BANK-GOC NEGOTIATIONS
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¶2. (SBU) Following a week of actions that appeared to signal a deterioration of relations, GOC and World Bank officials now appear to be headed on a path toward resuming dialogue. Officials from the GOC and Consortium agree that the visit by World Bank Executive Director for Africa, Paolo Gomez, to Chad on January 24, which followed President Wolfowitz's January 20th letter, demonstrates an attempt by the Bank to re-build the good will seemingly lost after weeks of punches and counter-punches. For his part, Gomez announced to the Chadian press following his meeting with President Deby that there was never a rupture between the World Bank. He affirmed that Chad's cordiality and a willingness to compromise still existed, and that he would share information from his meeting to begin the organization of a World Bank "fact-finding" mission aimed at promoting furter dialogue and an eventual resolution. In whatis presumably a government-crafted effort to save face, the pro-government newspaper "Le Progres" has described the most recent turn of events as the World Bank backing down in the confrontation.

¶3. (SBU) Indications are also emerging of a possible meeting between President Deby and President Wolfowitz. Minister of Plan Mahamat Hassan told the Ambassador on January 23 that Bank officials have suggested a high-level Chadian delegation visit Washington. Hassan noted that the GOC has stated their interest in seeing a World Bank mission visit Chad. Hassan did note that the possibility of a middle point, such as Paris, as a possible location of a meeting with the respective presidents.

¶4. (SBU) Exxon-Mobil also appears to have convinced the World Bank to provide a waiver for depositing January's royalties into the Citibank escrow account (see reftels). According to Esso Public Affairs Advisor Miles Shaw in a meeting with E/C Officer and visiting Treasury Technical Advisor Ken Torp on January 24, Exxon-Mobil's meetings during the previous week with the World Bank in Washington were important in convincing the Bank to allow the waiver and, hence, additional time before the next payment of royalties was due to be deposited in the escrow account. Shaw added that while the Consortium was not obligated to inform the Government when or if the waiver comes from the Bank, they planned to notify the GOC. For its part, the Ministry of Petroleum, according to Shaw, was willing to accept the Bank waiving of the January royalties for the time being.

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GOVERNMENT STILL ON THE OFFENSIVE

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¶5. (SBU) Coinciding with these positive overtures, however, is the continued bellicose public posture by the Government. On January 24, preceding the passage of a resolution by the National Assembly which was extremely critical of the World Bank's actions, President Deby addressed the deputies of the Parliament to re-affirm the Government's resolve against the World Bank's actions. Saying that "we (the Government) do not admit that we have done anything wrong," Deby contended that no institution would cause Chad to deviate from its objective of poverty reduction. The President announced that revenues obtained from the elimination of the Fund for Future Generations would be allocated to conform to the regulations of the Oil Revenue Management Law, which, he contended, was "to contribute to the reduction of poverty." He specifically stated that the Revenue Management College would maintain its prerogative of overseeing the allocation of oil revenues.

¶6. (SBU) Minister of Plan Hassan echoed these same sentiments during his January 24 meeting with the Ambassador, stating that the credit agreement between the World Bank and the Government (which indicated that the GOC could not take actions that have a substantial negative effect on the oil revenue management process) was not being violated. After all, the spirit of the law was still maintained, he claimed, and measures allowing for the inclusion of revenues from new oil fields into the existing framework and structural reform of the Revenue Management College only strengthened the revenue management process.

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TREASURY ADVISOR ACCEPTED, NOW THE HARD PART...

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¶7. (SBU) Concerning the position of the Resident Treasury Advisor Linda Gregory, Ambassador Wall was able to finalize a terms of reference for the Advisor's position with Minister Hassan on January 23. The Advisor will begin her assignment on January 30. President of the Revenue Management College, Abdoulaye Lamana, expressed his thanks to the Embassy to Torp and E/C Officer on January 24 for resolving the dispute with the Ministry of Plan over the terms of the reference, and noted that the College looked forward to restarting its engagement with U.S. Treasury.

¶8. (SBU) At the same time, Lamana noted that Gregory will be starting her position amid a very tense background. He stated that the World Bank's letter and visit by World Bank Executive Director Gomez were positive developments. However, he believed that a resolution needed to be achieved quickly, as the Bank's measures would eventually have serious ramifications for the College. As Lamana explained, the freezing of the escrow account meant that development projects that were approved and programmed based on projected oil revenues would be terminated if the escrow account remained frozen. The College itself lacked sufficient resources to satisfy operational costs, as the 2006 Budget

was still not prepared, and the College's operational expenses were paid for from incoming oil revenues.

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COMMENT
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¶9. (SBU) Despite the highly critical National Assembly resolution, recent overtures are a step in the right direction. While we are pleased to see the Treasury Advisor's position resolved, we still face the difficult task of ascertaining the efficacy of the College in an environment where oil revenues are blocked, and tensions are still high between the Bank and the GOC.
WALL